



Economic Impacts of the Limetree Bay Refinery



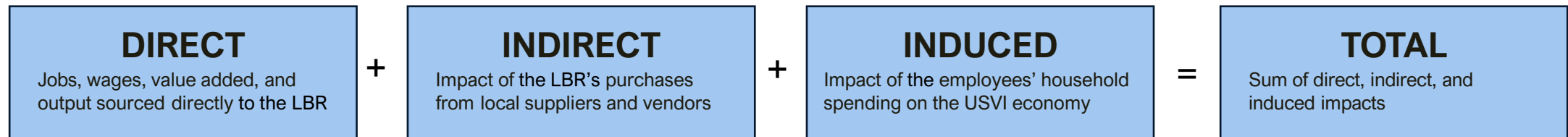
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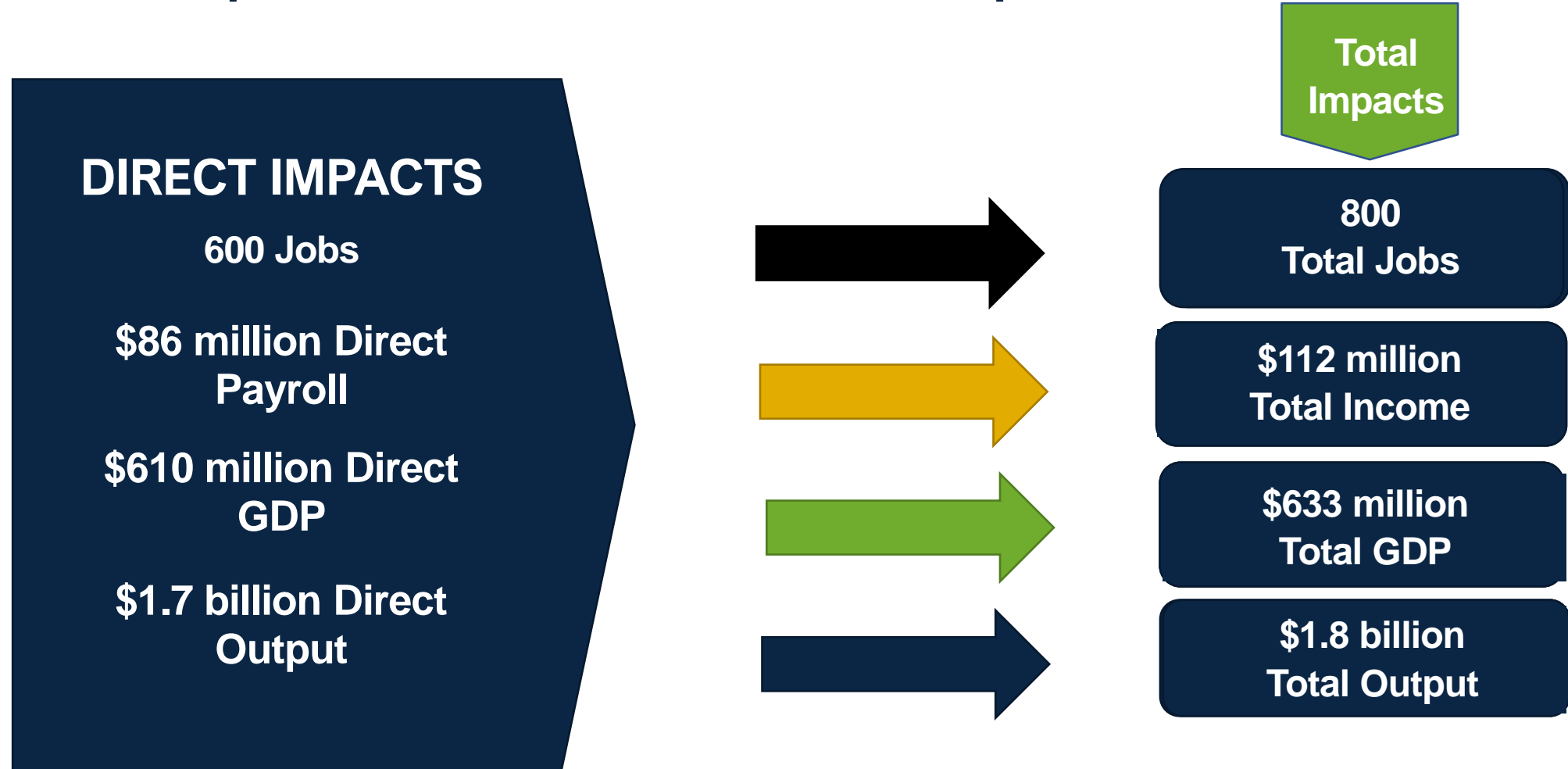
- Limetree Bay Terminals (LBT) LLC, an oil storage terminal and marine facility, is located on approximately 1,500 acres along the south shore of St. Croix, U.S. Virgin Islands (USVI).
- The facility consists of Limetree Bay Refinery (LBR) with a processing capacity of more than 200,000 barrels per day (BPD) of crude oil, and Limetree Bay Terminal (LBT), a 34-million-barrel crude and petroleum products storage and marine terminal facility.
- The LBT site also includes ownership, access control and use of adjoining seaport and monobuoy for unloading and loading of refinery and terminal products.
- There were 600 full-time employees with average earnings of \$143,000 per year, based on LBR 2020 data.

KEY CONCEPTS

- **Employment (Jobs)** – A person employed full or part-time who receives compensation for work performed.
- **Labor Income** includes wages and salaries and the estimated value of all employer-provided benefits and proprietor income from self-employed workers.
- **Output** is the value of an industry’s sales or revenue.
- **Value-Added** is the same as the official measure of “Gross Domestic Product” or “GDP”. It includes the total value of income generated from production, employee compensation, proprietors’ income, payments to government (taxes), and profit or return on investment. Value added equals output minus the cost of intermediate inputs, and therefore is smaller than total output.
- The **Multiplier Effect** estimates the magnitude of the economic response associated with a change in business activity, either in terms of jobs or spending. The ratio of total impact to direct impact is a measure of the multiplier effect.
- **Total Economic Impact** includes the direct, indirect, and induced impacts as shown by the graphic below. The direct impact is measured by the activity’s employment, income, value-added, and output. Indirect impacts arise as firms purchase goods and services across the supply chain and when employees spend their wages on consumer purchases (induced impacts). Indirect and induced effects are often referred to as multiplier impacts.



Total Impact is the Sum of Direct & Multiplier Effects



ECONOMIC LOSSES

- The Limetree Bay Refinery (LBR) produced direct output valued at \$1.7 billion and 600 direct jobs with labor income of \$86 million.
- As suppliers purchased intermediate goods and services and workers spent their incomes, an additional \$97 million of indirect and induced output were created, along with another 200 jobs.
- The estimated total economic impact of LBR is \$1.8 billion in output, 800 total jobs with \$112 million total income, and \$633 million annual contribution to Gross Domestic Product.

Estimated Impacts of Limetree Bay Refinery Closing				
USVI	Direct	Indirect	Induced	Total
Employment	-600	-31	-169	-800
Labor Income (\$millions)	-85.8	-2.1	-24.2	-112.0
Value-Added (\$millions)	-610.2	-4.3	-18.3	-632.8
Output (\$millions)	-1,743.4	-9.5	-87.7	-1,840.6

Source: BER; IMPLAN.

SUMMARY OF REVENUE IMPACTS

LBR is exempt from most taxes. Spending by firms for supplies and produce output and taxes on workers' earnings and consumer purchases produced local tax revenues. Total local tax revenue losses associated with the oil industry's economic activity are estimated at \$25 million in 2020.

Taxes	Revenues (\$millions)
Individual Income	-19.7
Gross Receipts	-4.6
Trade and Excise	-0.8
Total Tax Impacts	-\$25.1

Source: BER

Local taxes were estimated by applying the tax rate to income earned and business receipts by producers of direct and indirect impacts.



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THANK YOU!